

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

In the Matters of:

Complaint No. 331759

GOEKEN GROUP CORP.  
Unregistered,

and

SANDRA GOEKEN-MILES,  
Unregistered

Complaint No. 331761

Respondents.  
\_\_\_\_\_/

Issued and entered  
This 3rd day of August, 2018

**CONSENT ORDER RESOLVING  
NOTICE AND ORDER TO CEASE AND DESIST**

A. Relevant information and statutory provisions, under the Michigan Uniform Securities Act (2002) (the Act), 2008 PA 551, MCL 451.2101 *et seq.*:

1. On August 16, 2017, the State of Michigan, Department of Licensing and Regulatory Affairs, Corporations, Securities & Commercial Licensing Bureau (the "Bureau") and the Director of the Bureau, who serves as the Administrator of the Act ("the Administrator"), issued Notices and Orders to Cease and Desist to the Goeken Group Corp. and Sandra Goeken-Miles ("Respondents").
2. Respondents are not registered in any capacity, nor have they registered any securities products, under the Act.
3. Respondents were represented by, and had the advice of, legal counsel throughout the process of resolving the Initial Orders in Michigan.

B. STIPULATION

Respondents and the Administrator (collectively, "the Parties") agree that the Initial Orders are resolved with the following conditions:

1. Respondents agree that they will not conduct any business in Michigan regulated under the Act, and Goeken-Miles will not act as a principal or consultant in any entity so engaged in business under the Act.
2. For purposes only of the matters resolved by this Order, and pursuant to Securities and Exchange Commission ("SEC") Rule 506(d)(2)(iii) of Regulation D, 17 CFR 230.506(d)(2)(iii), disqualification under SEC Rule 506(d)(1) of Regulation D, 17 CFR 230.506(d)(1), should not arise as a consequence of this Order. This does not limit the potential application of SEC Rule 506(d)(1), 17 CFR 230.506(d)(1), in any other respect.
3. Respondents neither admit nor deny any wrongdoing in connection with this matter and consent to the entry of this Order only for the purposes of resolving the August 16, 2017 Notices and Orders to Cease and desist in an expeditious fashion that avoids the time and expense associated with an administrative hearing and any resulting appeals.
4. The Parties agree that the Administrator is permitted to use any of the allegations set out in the August 17, 2017 Notices and Orders to Cease and Desist if and when considering future applications for registration by Respondents, and Respondents agree to waive any assertion or claim under MCL 451.2412(9), which would otherwise bar the Administrator from consideration of such facts in making her determination.
5. The Administrator agrees to reduce the fines in the August 16, 2017 Notices and Orders to Cease and Desist, and Respondents agree to pay a joint and severally imposed Six Thousand Dollar (\$6,000.00) fine to the Bureau within 60 days of the mailing date of this Consent Order. The fine must be paid by check or money order payable to the "State of Michigan," contain Respondents' identifying information (name and complaint #s.), and be mailed to:

Corporations, Securities & Commercial Licensing Bureau  
Final Order Monitoring – Securities & Audit Division  
P.O. Box 30018  
Lansing, MI 48909

6. If any portion of the fine is overdue for at least six months, the Administrator may refer it to the Michigan Department of Treasury for collection action against Respondents. In addition, the Administrator reserves the right to pursue any other action or proceeding permitted by law to enforce payment of the fine.

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7. The Parties acknowledge and agree that the Administrator retains the right to pursue any action or proceeding permitted by law to enforce compliance with the provisions of this Consent Order, and that failure to comply with this Consent Order may result in the reinstitution of the August 16, 2017 Notices and Orders to Cease and Desist, pending any other action the Administrator chooses to take as a result of Respondents' failure to comply.
8. The Parties agree that this Consent Order is a public record required to be published and made available to the public, consistent with section 11 of the Michigan Freedom of Information Act, MCL 15.241. The Bureau currently publishes copies of orders issued under the Act to its website and includes a summary of order content in monthly disciplinary action reports separately published on its website.
9. The Parties understand and intend that by signing this Consent Order, they are waiving the right, pursuant to the Act, the rules promulgated under that Act and the Uniform Securities Act (Predecessor Act), 1964 PA 265, MCL 451.501 *et seq.*, and the Administrative Procedures Act, 1969 PA 306, MCL 24.201 *et seq.*, to prior notice and a hearing before an administrative law judge, at which the Bureau would be required to defend any disciplinary action taken under Section 604 (8) of the Act, MCL 451.2604, by presentation of evidence and legal authority and at which Respondents would be entitled to appear with or without an attorney to cross-examine all witnesses presented by the Bureau and to present such testimony or other evidence or legal authority deemed appropriate.

Through their signatures, the Parties agree to the above terms and conditions.

Dated: 7-12-18

Signed:

Sandra Goeken-Miles  
Goeken Group Corp. President

Dated: 7-12-18

Signed:

Sandra Goeken-Miles  
Sandra Goeken-Miles

Acknowledged by:

Dated: 7.16.18

Signed:


Timothy L. Teague

Timothy L. Teague  
Securities & Audit Division Director  
Corporations, Securities & Commercial  
Licensing Bureau

C. ORDER

The Administrator NOW, THEREFORE, ORDERS:

THE TERMS AND CONDITIONS IN THIS CONSENT ORDER ARE BINDING AND EFFECTIVE, IN ACCORD WITH THE FULLY EXECUTED STIPULATION CONTAINED HEREIN.



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Julia Dale, Administrator and Corporations, Securities & Commercial Licensing  
Bureau Director

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

In the Matter of:

Complaint No. 331761

SANDRA GOEKEN-MILES  
Unregistered

Respondent.

Issued and entered  
This 16<sup>th</sup> day of August, 2017

NOTICE AND ORDER TO CEASE AND DESIST

Julia Dale, the Director of the Corporations, Securities & Commercial Licensing Bureau (the "Administrator"), pursuant to her statutory authority and responsibility to administer and enforce the Michigan Uniform Securities Act (2002), 2008 PA 551, as amended, MCL 451.2101 *et seq.* ("Securities Act"), hereby orders Sandra Goeken-Miles ("Respondent") to cease and desist from offering and selling unregistered securities, and to cease and desist from omitting to state material facts necessary to make other statements made not misleading, contrary to the Securities Act. Respondent is notified of the opportunity to request a hearing in this matter.

**I. BACKGROUND**

**A. The Respondent**

1. Respondent Sandra Goeken-Miles is an individual who resides in the State of Illinois. Sandra Goeken-Miles is employed by Goeken Group Corp. as its president, and does not currently hold, and has never held any registrations or registered any securities products pursuant to the Securities Act in Michigan.

**B. Findings of Fact**

1. The Bureau conducted an investigation of Respondent's activities.
2. The investigation developed evidence that Respondent offered and sold 10,000 shares of Goeken Group Corp. common stock (Exhibit 1 – Stock Certificate) to a

Michigan investor, CLY, for \$10,000.00.<sup>1</sup> Respondent has not identified that the securities were federal covered securities, that the securities were exempt from registration pursuant to an exemption under Article 2 of the Michigan Uniform Securities Act, or proven that the securities were registered.<sup>2</sup>

3. The investigation developed evidence that Respondent induced the sale of the Goeken Group Corp. shares by representing to CLY that Goeken Group Corp. would “go public” within approximately a month of CLY’s purchase of the securities, which would result in a large profit for investors such as CLY.
4. In reality, Goeken Group Corp. had significant liquidity problems, which were recognized by a private placement memorandum provided to investors that purchased stock directly from the issuer, including the statement that, “There is no public market for the Common Stock and no such market is expected to develop.”
5. A reasonable investor may have considered the fact that the common stock was an illiquid security to be important to his or her investment decision.

## **II. RELEVANT STATUTORY PROVISIONS**

1. Section 102c(c) of the Securities Act, MCL 451.2102c(c), defines “Security”, in part, as:

a note; stock<sup>[3]</sup>; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest in or based on the value of that put, call, straddle, option, or privilege on that security, certificate of deposit, or group or index of securities, put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, an investment in a viatical or life settlement agreement; or, in general, an interest or instrument commonly known as a

<sup>1</sup> The Bureau understands that Respondent has since refunded the \$10,000.00 to CLY.

<sup>2</sup> Respondent claimed reliance on section 12(g) of the Securities Exchange Act of 1934, 15 USC 78l(g), an exemption from the registration provisions of the Securities Exchange Act of 1934. The exemption has no applicability to the Michigan Uniform Securities Act or its registration provisions. The Bureau is prohibited by federal law from requiring state-level securities offering registration for “federal covered securities”, defined by section 102(g) of the Michigan Uniform Securities Act, MCL 451.2102(g), to mean a security that is a “covered security under section 18(b) of the securities act of 1933, 15 USC 77r...” Section 18(b) of the Securities Act of 1933 (Exhibit 2 – Section 18(b)), does not identify that Securities Exchange Act of 1934 section 12(g) securities are federal covered securities, or otherwise exempt from state securities law registration requirements.

<sup>3</sup>See *Sparling Plastic Industries, Inc v Sparling*, 229 Mich App 703, 712-13 (1998) (quoting *Landreth Timber Co v Landreth*, 471 US 681 (1985)) (Exhibit 3).

“security”; or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing...

2. Section 301 of the Securities Act, MCL 451.2301, states:

A person shall not offer or sell a security in this state unless 1 or more of the following are met:

- (a) The security is a federal covered security.
- (b) The security, transaction, or offer is exempted from registration under sections 201 to 203.
- (c) The security is registered under this act.

3. Section 501 of the Securities Act, MCL 451.2501, states in part:

It is unlawful for a person, in connection with the offer, sale, or purchase of a security or the organization or operation of a Michigan investment market under article 4A, to directly or indirectly do any of the following:...

- (b) Make an untrue statement of a material<sup>[4]</sup> fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading...

4. Section 503(1) of the Securities Act, MCL 451.2503(1), states:

In a civil action or administrative proceeding under this act, a person claiming an exemption, exception, preemption, or exclusion has the burden to prove the applicability of the exemption, exception, preemption, or exclusion.

### **III. CONCLUSIONS OF LAW**

1. Respondent Sandra Goeken-Miles offered and sold Goeken Group Corp. securities to a Michigan investor, CLY, and has failed to claim any applicable exemption, exception, preemption, or exclusion from the Michigan Uniform Securities Act, contrary to section 301 of the Securities Act, MCL 451.2301.
2. Respondent Sandra Goeken-Miles, in connection with the offer and sale of a security to CLY, stated that the Goeken Group, Corp. would go public and cause large returns for its investors. Respondent omitted to state that the issuer had significant liquidity problems and that it was unlikely that a public market for the securities would develop. A reasonable investor may have considered the omitted

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<sup>4</sup> [“A material fact is one that a reasonable investor might have considered important to his investment decision.” *People v Cook*, 90 Mich App 72, 83 (1979) (citing *Mills v Electric Auto-Lite Co*, 396 US 375, 384 (1970)). The Case is attached as Exhibit 4.]

fact important to his or her investment decision, meaning it was material. The material fact was omitted in connection with the offer and sale of Goeken Group, Corp. common stock to CLY, contrary to section 501 of the Securities Act, MCL 451.2501.

#### IV. ORDER

IT IS THEREFORE ORDERED, pursuant to section 604 of the Securities Act, MCL 451.2604, that:

- A. Respondent shall immediately CEASE AND DESIST from continuing offer and sell unregistered securities, contrary to the Securities Act.
- B. Pursuant to section 604(2) of the Securities Act, this Notice and Order to Cease and Desist is IMMEDIATELY EFFECTIVE.
- C. In her Final Order, the Administrator, under section 604(4) of the Securities Act, MCL 451.2604(4), intends to impose civil fines of \$20,000.00 against Respondent.
- D. Pursuant to section 508 of the Securities Act, MCL 451.2508, a person that willfully violates the Securities Act, or an order issued under the Securities Act, is guilty of a felony punishable by imprisonment for not more than 10 years or a fine of not more than \$500,000.00 for each violation, or both. An individual convicted of violating a rule or order under this act may be fined, but shall not be imprisoned, if the individual did not have knowledge of the rule or order.
- E. The Administrator retains the right to pursue further administrative action against Respondent under the Securities Act if the Administrator determines that such action is necessary and appropriate in the public interest, for the protection of investors and is authorized by the Securities Act.

#### V. NOTICE OF OPPORTUNITY FOR HEARING

Section 604 of the Securities Act, MCL 451.2604, provides that Respondent has 30 days beginning with the first day after the date of service of this Notice and Order to Cease and Desist to submit a written request to the Administrator asking that this matter be scheduled for a hearing. If the Administrator receives a written request in a timely manner, the Administrator shall schedule a hearing within 15 days after receipt of the request. The written request for a hearing must be addressed to:

Corporations, Securities & Commercial Licensing Bureau  
Regulatory Compliance Division  
P.O. Box 30018  
Lansing, MI 48909

**VI. ORDER FINAL ABSENT HEARING REQUEST**

- A. Under section 604 of the Securities Act, MCL 451.2604, the Respondent's failure to submit a written request for a hearing to the Administrator within 30 days after the service date of this **NOTICE AND ORDER TO CEASE AND DESIST** shall result in this order becoming a **FINAL ORDER** by operation of law. The **FINAL ORDER** includes the imposition of the fines cited described in section IV.C., and the fine amounts set forth below will become due and payable to the Administrator within sixty (60) days after the date this order becomes final:

\$20,000.00 – Sandra Goeken-Miles, under section 604 of the Securities Act, MCL 451.2604.

- B. CIVIL FINE payments should be payable to the STATE OF MICHIGAN and contain identifying information (e.g., names and complaint numbers) and mailed to the following address:

Corporations, Securities & Commercial Licensing Bureau  
Final Order Monitoring  
P.O. Box 30018  
Lansing, MI 48909

- C. Failure to comply with the terms of this Order within the time frames specified may result in additional administrative penalties, including the summary suspension or continued suspension of all registrations held by Respondent under the Securities Act, the denial of any registration renewal, and/or the denial of any future applications for registration, until full compliance is made. Respondent may voluntarily surrender or withdraw a registration under the Securities Act; however, the surrender or withdrawal will not negate the summary suspension or continued suspension of the relevant registrations or any additional administrative proceedings if a violation of this Order or the Securities Act occurred.
- D. Failure to pay the civil fines within six (6) months after this Order becomes final may result in the referral of the civil fines to the Michigan Department of Treasury for collection action against Respondent.

CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU



Julia Dale, Director, Corporations, Securities  
& Commercial Licensing Bureau

8/16/17  
Date